# GOVERNMENT OF INDIA
# AGRICULTURE AND FARMERS WELFARE
# LOK SABHA

UNSTARRED QUESTION NO:3209
ANSWERED ON:21.03.2017
Efficacy of MSP
Reddy Shri Konda Vishweshwar

**Will the Minister of AGRICULTURE AND FARMERS WELFARE be pleased to state:**

(a) whether the Government is aware of the criticism that the Minimum Support Price (MSP) does not factor in fully the actual costs at the farmers end and that it is tilted in favour of urban consumers, if so, the details thereof;

(b) whether the Government has taken cognizance of the NITI Aayog's evaluation report on efficacy of MSP; and

(c) if so, the details of action taken or planned to improve the efficacy of MSP in the future?

## Answer

MINISTER OF STATE IN THE MINISTRY OF AGRICULTURE AND FARMERS WELFARE

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(a): Government fixes Minimum Support Price (MSP) for the major agricultural crops on the recommendation of the Commission for agricultural Costs & Prices (CACP). Cost of production is one of the important factors considered by CACP in recommending MSP. Cost of production inter alia, includes, all paid out cost such as cost on irrigation, fertilizer, seeds etc. including family labour. The MSP fixed by the Government provides adequate returns over all India weighted average all paid out costs including family labour (A2+FL) as estimated by CACP.

(b) & (c): A study conducted by NITI Aayog on efficacy of MSP has found that MSP declared by the Government has encouraged 78% of the farmers including small and marginal farmers covered under the study for adopting improved methods of farming such as high yielding varieties of seeds, organic manure, chemical fertilizer, pesticides and improved methods of harvesting etc. due to remunerative price. The study has also revealed that majority of farm households are in favour of MSP since it ensures guaranteed income to the farmers by acting as a floor price.

Government has taken several steps to ensure MSP for agricultural produce which inter alia includes setting up of procurement centers keeping in view the potential in the areas; creating awareness among the farmers of the MSP operations; making payment through arthias/co-operative societies to the farmers; encouraging decentralized procurement; adopting e-procurement system; engaging private players in certain States to participate in procurement operations, implementing e-National Agriculture Market, promoting Farmer Producer Organizations (FPOs) etc.

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